GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1158
ANSWERED ON:23.11.2007
TAX RELATED INCENTIVES TO EXPORTERS
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Pradhan Shri Dharmendra;Rijiju Shri Kiren

Will the Minister of FINANCE be pleased to state:

(a) the details of tax related incentives granted to exporters by the Government;

(b) the extent of revenue loss incurred by the Government as a result thereof during each of the last three years;

(c) whether the Government has any plans to grant more incentives/reliefs to exporters: and

(d) if so. the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): As far as Direct Taxes are concerned, under the Income-tax Act, the following incentives are granted to exporters -

(i) 100% tax benefit on profit on export of article or thing or computer software, derived by a newly established undertaking in Free Trade Zone, Electronic Hardware Technology Park or Software Technology Park, for initial ten assessment years under section 10A of the Income-tax Act;

(ii) Tax benefit on profit on export of articles or things or services, derived by a newly established undertaking in Special Economic ` Zone for initial 15 assessment years, under section 10AA;

(iii) 100% tax benefits on profit on export of articles or things or computer software, derived by a newly established hundred per cent export oriented undertaking for initial ten assessment years, under section 10B of the income-tax Act; and

(iv) 100% tax benefit on export of eligible article or things, derived by a newly established undertaking, under section 10BA of the Income-tax Act.The extent of the revenue loss on corporate taxpayers, incurred by the Government, for the last three years, on account of direct tax incentives, is estimated to be taken as:

Financial Year	Revenue Loss
2004-05	Rs.10,740crores
2005-06	Rs. 8,658 crores
2006-07	Rs. 12,524 crores.

As far as indirect tax is concerned, the tax incentive schemes under the Foreign Trade Policy provide pure incentives/rewards to the exporters in the form of duty free scrips based on the FOB value of exports or the foreign exchange earned. These schemes provide incentives over and above the duty neutralization envisaged under the duty remission and duty exemption schemes. The duty foregone under the reward schemes in the last three years is as given below :

(Rs. in crores)

S.No.	Name of the incentive /reward Scheme	Total duty foregone in 2004-05	Total duty foregone in 2005-06	Total duty foregone in 2006-07
1.	Target Plus Scheme	0.00	653.29	2619.16
2.	Vishesh Krishi and Gram Udyog Yojana	0.00	92.45	547.98
3.	Served from IndiaScheme	0.00	177.01	443.54
4.	DFCEC Scheme	184.92	645.92	1416.00
5.	Focus market Scheme	0.00	0.00	0.00
6.	Focus Product Scheme	0.00	0.00	0.00

Figures do not include the details from three zonal Chief Commissionerates of New Delhi(CX), Ranchi(CX) and Visakhapatnam(CX).

The Government also administers the schemes of EOU & SEZ which are, largely tax neutralization schemes. Goods imported into SEZs/EOUs or procured locally are exempt from customs /excise duties. These are not in the nature of incentives schemes. The duty foregone in the preceding three years is as under:

(Rs. In Crores)

	EOU/EHTP/ STP		SEZ	
	Customs Duties	Central Excise Duties	Customs Duties	Central Excise Duties
2004-05	7402.23	2078.18	1057.12	20.19
2005-06	8192.14	1858.96	1631.99	31.09
2006-07	10930.54	3308.44	2015.91	177.59
Total	26524.91	7245.58	4705.02	288.87

(c): The Government does not have any plan to give more incentives/relief to exporters,

(d): Does not arise.